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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 004955

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TAGS: [PREL](#) [PARM](#) [TW](#)

SUBJECT: EXPERT TEAM REVIEWS TAIWAN'S 1540 REPORT AND
EXPORT CONTROLS

Classified By: AIT Director Douglas Paal, Reason 1.4 b/d

1. (C) Summary: An EXBS-sponsored team of two non-proliferation experts spent December 11-18 in Taiwan evaluating Taiwan's export control regime. Highlights included a December 12 presentation to an interagency group reviewing Taiwan's UNSCR 1540 report. After conducting several interviews with Taiwan agencies involved in export control, the team concluded that Taiwan had the basis for a potentially good export control system, but the current system was hobbled by a lack of coordination between agencies. The team's detailed report will be presented to ISN/ECC within a few weeks. End summary.

Review of Taiwan's UNSCR 1540 Report

2. (C) On December 12, Center for International Trade and Security (CITS) experts Jay Nash and Anne Wetterwek gave a presentation reviewing Taiwan's UNSCR 1540 Report to representatives of Taiwan's Ministry of Economic Affairs; National Security Bureau, Ministry of Foreign Affairs, Directorate General of Customs (DGC), Atomic Energy Council, Department of Health, Council of Agriculture, Bureau of Armaments and Acquisitions, and Counter Terrorism Office. After explaining the UNSCR 1540 Committee Review process and methodology, Nash and Wetterwek noted both strengths and weaknesses in Taiwan's 38-page report.

Clear Expression of Commitment to Export Control

3. (C) The team noted that 66 UN members have not yet submitted their 1540 reports, and that among the 127 reports submitted thus far, Taiwan's report was relatively comprehensive, and indicated the potential for an excellent system of security and controls. Nash and Wetterwek conducted a paragraph-by-paragraph review of Taiwan's 1540 report. They praised its clear expression of commitment to anti-terrorism, non-proliferation, and trade security, and the attention given to intangible transfers of sensitive technology and data in pending legislation.

4. (C) However, the team identified some areas of the report that could benefit from further clarification. They noted that while security measures on chemical, biological and nuclear materials were addressed, &means of delivery⁸ and &related materials⁸ were not addressed. They noted the need for clarification on which control measures applied to imports and which to exports, and for clarification of current regulations regarding technology transfer, and transshipment controls.

Interviews with Key Agencies

5. (C) The CITS team interviewed many of the key agencies involved in export control in Taiwan. The team concluded that some agencies, such as the DGC, did not seem sure of what their role was supposed to be in the export control process. DGC, National Security Bureau, and the Ministry of Foreign Affairs all indicated that the Ministry of Economic Affairs Bureau of Foreign Trade (BOFT) was the key export control agency in the Taiwan government. The team noted that Customs officials in Kaohsiung Harbor seemed more sure of their role and authority, and cooperated more with BOFT than did the DGC. The team found indications that other Taiwan ports are not as advanced as Kaohsiung in terms of export control resources and understanding.

6. (C) The team noted that while Taiwan has a relatively comprehensive set of export control laws and regulations, certain key elements were missing, such as technology controls, brokering and trade facilitation controls, and clear delineation of the circumstances in which "catch-all" controls apply. The team especially emphasized that interagency coordination needs to be strengthened, particularly on license reviews. The team also recommended more export control training for both industry and government officials.

7. (C) Comment: The CITS team enjoyed high-level access and open exchanges at all the Taiwan agencies they visited. AIT held briefings with the team at the beginning and end of their visit and accompanied them to most of their meetings.

While the evaluation methodology of the experts had significant limitations in that it emphasized laws and regulations more than actual practice, the fact that a team of experts visited gave a positive boost to the perception of a U.S.-Taiwan partnership on export control issues.

PAAL